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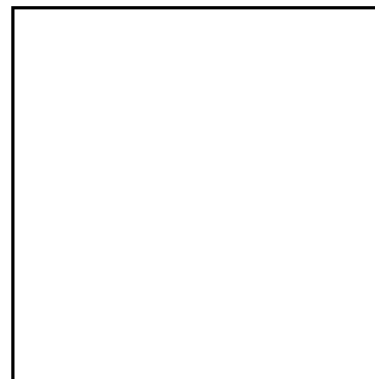
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Cuba

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Current Support Brief

SUPPLY OF OIL TO CUBA
REACHES ALL-TIME PEAK IN 1962



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SUPPLY OF OIL TO CUBA
REACHES ALL-TIME PEAK IN 1962

Cuba imported more oil in 1962 than in any year in its history. More than 4.5 million metric tons (mt), equivalent to a rate of more than 90,000 barrels per day (bpd), of crude oil and products were delivered to Cuba during the year. Production of crude oil from domestic sources is negligible, and Cuba continues to be almost entirely dependent on imports from the USSR for its supply of petroleum.

1. Increase in Imports

Cuban imports in 1962 increased in quantity by about 11 percent compared with imports in 1961, as shown in the following table:

Cuba: Composition and Value of Petroleum Imports
 1961 and 1962 a/

	<u>1961 <u>b/</u></u>		<u>1962 <u>c/</u></u>	
	Quantity (Thousand Metric Tons)	Value <u>d/</u> (Thousand \$ US)	Quantity (Thousand Metric Tons)	Value <u>d/</u> (Thousand \$ US)
Crude oil	3,000	33,000	3,600	40,000
Petroleum products	1,000	17,000	890	14,000
Total	<u>4,000</u>	<u>49,000</u>	<u>4,500</u>	<u>54,000</u>

a. All data are rounded to two significant figures. Totals and values are derived independently from unrounded figures and do not always agree with the rounded data shown.

b. Vneshnyaya trgovlya SSSR za 1961 god
 (Foreign Trade of the USSR for 1961), Moscow, 1962.

c. Estimated.

d. F.o.b. point of origin.

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The total values of the imports in 1962 (f. o. b. point of origin) based on Soviet prices for corresponding imports in 1961 represented about 7 percent of the total value (\$750 million) of all of Cuba's imported goods and ocean freight services.

Except for two cargoes of motor gasoline from Rumania and indeterminate, but presumably negligible, quantities of lubricating oils procured clandestinely from Free World sources, the USSR provided all of Cuba's petroleum imports and thus its total supply of petroleum.

2. Increase in Demand

Net imports of petroleum in 1959, the last full pre-Castro year, were about 3.4 million mt (about 68,000 bpd). No clear explanation for the continued high level of imports of petroleum during the Castro period is available, particularly in the light of other estimates that describe the decline in Cuba's domestic economy and the continued increase in trade deficit. It is not possible to estimate accurately the levels of petroleum stockpiles in Cuba. Imports of petroleum have continued to increase, however, during the 30 months since mid-1960. Consequently, it may be assumed that the indeterminate maximum levels of stockpiles (ultimately limited by bulk storage capacity) have long since been attained and that the current levels of imports correspond to current consumption and, in fact, do not represent any important additions to inventories.

The reported high level of vehicular traffic for both the civil and the military sectors would explain part of the increase in consumption. Although increased activities by military ground forces, by naval units, and by support forces probably accounted for a substantial share of the total demand, the estimates of aircraft fuel supplies suggest that only a very small part of the increase is attributable to the air activities in Cuba. The decline in the sugar crop also may have affected indirectly the fuel supply. Bagasse, a combustible residue of sugarcane after the juice has been extracted, had contributed significantly to Cuba's supply of energy in the pre-Castro era. The decline in the sugar crop, which in 1962 was about 30 percent below the level in 1961, and the diversion of some bagasse to such nonfuel uses as raw material for papermaking and for pressed wood may have resulted in an increase in demand for oil as a substitute fuel.

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It is possible, also, that the current operation of the refineries, which is less efficient than it was when the original owners controlled the plants, has caused greater refining losses. Moreover, operation of the refineries on a type of crude oil different from that for which the refineries were originally designed may have resulted in a decrease in the quantitative yield of usable products. Either or both of these conditions would create a demand for more crude oil.

3. Composition of Imports

In 1962, Cuban imports of crude oil, 72,000 bpd, represented about 80 percent of the total imports of petroleum, whereas in 1961 the 60,000 bpd had represented only 74 percent of the total imports of petroleum. It is apparent, therefore, that the throughput capacity of the three principal refineries built by US and British oil companies seems to have been relatively unimpaired by either the loss of foreign supervisory personnel or by the continued processing of Soviet crude oil. Except for the catalytic cracking unit at the former Esso refinery, the essential maintenance of and replacement parts for the refineries appear to have been adequate. The refineries had a designed crude oil throughput capacity of about 85,000 bpd, although there is no evidence that they ever operated at more than about 70,000 bpd even in the pre-Castro period. The catalytic cracking unit at the former Esso plant was disabled in 1962 for want of a replacement part for a large US-built compressor, and there were reports that the unit had been converted to process crude oil. The additional capacity provided by this converted unit could account for the increase in imports of crude oil in 1962.

Imports in 1962 included a full line of products except kerosine. Fuel oil represented about 60 percent of the total imports of products. Except for certain heavy-duty lubricating oils, there is no evidence that the USSR was unable to provide Cuba with types or quantities of petroleum required.

4. Aircraft Fuel Supplies

Cuban imports of aviation gasoline in 1962 are estimated to have been about 22,000 mt, equivalent to a rate of 440 bpd; imports of jet fuel, about

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20,000 mt, or 400 bpd. All of these aircraft fuels are believed to have been imported in the last three quarters of the year. About two-thirds of the aviation gasoline was imported during the last 4 months of the year. It is estimated that the jet fuel was imported only in May and October. Although the Cuban refineries probably could produce fuel suitable for use in jet aircraft (and rockets), there is no evidence that they do produce jet fuel. The refineries cannot produce fuel suitable for use as high-grade aviation gasoline. Thus imports probably represent Cuba's sole source of aircraft fuels.

5. Increasing Use of Bloc Tankers

In 1962, about 56 percent of Cuba's imports were delivered in Soviet Bloc tankers. During the first half of the year, however, about 48 percent were delivered in Bloc tankers and during the second half about 64 percent. Slightly more than 90 percent of Cuba's total imports of oil originated in Black Sea ports, and the remainder, about 400,000 mt, originated in the Baltic ports of Klaipeda and Ventspils.

6. Prospects for 1963

There is no information available on the planned imports of petroleum in 1963. Because the refineries in Cuba appeared to have operated at or near service capacity -- and there are no prospects for any immediate increase in capacity -- no appreciable increases in imports of crude oil are expected in 1963. In spite of the possibility that there may be some improvement in the Cuban economy and in the level of industrial production in 1963, it is not expected that such improvement will be reflected in any significant increase in imports of petroleum compared with the level of 1962.

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Analyst:

Coord:



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